

OFFICIAL TITLE AND SUMMARY ★ ★ ★

Prepared by the Attorney General

**TRANSPORTATION FUNDING PROTECTION.
LEGISLATIVE CONSTITUTIONAL AMENDMENT.**

- Protects transportation funding for traffic congestion relief projects, safety improvements, and local streets and roads.
- Prohibits the state sales tax on motor vehicle fuels from being used for any purpose other than transportation improvements.
- Authorizes loans of these funds only in the case of severe state fiscal hardship. Requires loans of revenues from states sales tax on motor vehicle fuels to be fully repaid within the three years. Restricts loans to no more than twice in any 10-year period.

Summary of Legislative Analyst's Estimate of Net State and Local Government Fiscal Impact:

- No direct revenue or cost effects. Increases stability of funding for state and local transportation uses in 2007 and thereafter; reduces somewhat the state's authority to use these funds for other, nontransportation priorities.

FINAL VOTES CAST BY THE LEGISLATURE ON SCA 7 (PROPOSITION 1A)

Senate: Ayes 38 Noes 0

Assembly: Ayes 58 Noes 11

ANALYSIS BY THE LEGISLATIVE ANALYST

BACKGROUND

California spends about \$20 billion a year to maintain, operate, and improve its highways, streets and roads, passenger rail, and transit systems. About one-half of the funding comes from various local sources, including local sales and property taxes, as well as transit fares. The remainder comes from the state and federal levels, largely from gasoline and diesel fuel taxes, and truck weight fees.

Currently, the state levies two types of taxes on motor fuels:

- An excise tax of 18 cents per gallon on gasoline and diesel fuel. (This is generally referred to as the gas tax.)
- A statewide 6 percent tax on the sale of gasoline and diesel fuel ("sales tax").

Gas Tax. Revenues from the state excise tax on gasoline and diesel fuel used on public roads total about \$3.4 billion per year. The State Constitution